

# **NATIONAL CREDIT UNION ADMINISTRATION**

Office of Small Credit Union Initiatives  
Community Development Revolving Loan Fund

## **General Guidelines for Technical Assistance Grants for Credit Unions**

Volunteer Income Tax Assistance Initiative -2007
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Opens: May 4, 2007

Closes: When funds are exhausted.

Awards are announced as applications are received.

1. Application
2. Instructions
3. Guidelines
4. Sample Summary Sheet

***Eligible credit unions may apply for up to \$6,500.***

*National Credit Union Administration  
Office of Small Credit Union Initiatives  
Community Development Revolving Loan Fund  
1775 Duke Street  
Alexandria, Virginia 22314*

*National Credit Union Administration  
Office of Small Credit Union Initiatives  
Community Development Revolving Loan Fund*

<p>Application Volunteer Income Tax Assistance Initiative - 2007</p>
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1. CREDIT UNION NAME	
2. MAILING ADDRESS	
MAILING ADDRESS, CON'T	
3. CITY, STATE, ZIP	
4. CONTACT NAME/TITLE	
5. CONTACT PHONE	
6. CREDIT UNION FAX NUMBER	
7. CREDIT UNION EMAIL ADDRESS	
8. CREDIT UNION CHARTER NUMBER	
9. CREDIT UNION EMPLOYER TAX ID NUMBER	
10. CREDIT UNION DUN AND BRADSTREET UNIVERSAL NUMBERING SYSTEM NUMBER	
11. AMOUNT REQUESTED	\$
12. NAME AND TITLE OF AUTHORIZED INDIVIDUAL	
13. SIGNATURE	

\*By signing above, the credit union representative (1) is certifying that the credit union remains low-income designated, as defined in NCUA's Rules and Regulations; and (2) is committing the credit union to working toward the objectives of the CDRLF as described in the grant guidelines and in the application.

Please read all instructions and guidelines thoroughly before completing the application.

Answer the following questions and attach separate sheets as necessary for your responses.

1. Describe fully the activity or project that the grant will cover.
2. What is the total cost of implementing the project or undertaking the activity—including grant awards from NCUA, the credit union's own monies, grants from other partners, and all other funds provided to complete the project:?

Total cost of the project—

NCUA grant: \$ \_\_\_\_\_

Other funds: \$ \_\_\_\_\_

Total Cost of Project \$ \_\_\_\_\_

3. Provide a list of vendors who will deliver the goods and/or services, and an itemized list of costs associated with the project.

Please provide your response in the format shown below. List costs in order of most to least important.

Vendor Name	Item Description	Cost of Item
(1) <u>Example Company</u>	<u>1 Thing</u>	<u>\$ 500.00</u> (most important)
(2) <u>Sample, Inc.</u>	<u>4 Things @ \$100.00</u>	<u>\$ 400.00</u> (least important)

4. Attach copies of bids, estimates, prices, and other supporting information.
5. How will the proceeds of the grant improve the operations or the financial condition of the credit union?
6. How will the proceeds of the grant
  - a) improve the quality of financial services to members; or,
  - b) stimulate economic activities in the communities served by the credit union, and result in increased income, ownership, or employment?
7. How will the credit union measure
  - a) improvement in financial services to members; or,

b) economic activities in the communities served by the credit unions that have resulted in increased income, ownership, or employment?

## Guidelines

### What is the Purpose of the Community Development Revolving Loan Fund?

The National Credit Union Administration's (NCUA's) Community Development Revolving Loan Fund (CDRLF) was established by Congress to support credit unions that serve low-income communities by making loans and TAGs available to qualifying institutions. Low-interest loans/deposits are made available to low-income designated credit unions to enhance their financial capacity to, in turn, extend financial services to their members.

Congress appropriates funds to the CDRLF for loans and grants. The interest earned on loans is also available as a source of additional funds retained by the program for grant purposes.

### What is the objective of Technical Assistance Grants?

The objective, or desired outcome, of technical assistance grants is to:

- Improve the quality of financial services to members;
- Make the operations of low-income credit unions more efficient; and, ultimately
- Stimulate economic activities in the communities served by the credit unions.

By applying for technical assistance grant funds, the credit union is committing to working toward the purpose of the CDRLF and the objective of a technical assistance grant.

### Which credit unions are eligible to apply?

To participate in the Program, a federally chartered credit union must be currently designated as a "low-income" credit union as set forth in NCUA's Rules and Regulations, Section 701.34. A state chartered credit union must have the equivalent low-income designation from its respective state supervisory authority (SSA) and concurrence from NCUA.

In addition, based on an Office of Management and Budget (OMB) policy directive effective October 31, 2003, credit unions must have a Dun and Bradstreet Universal Numbering System (DUNS) number in order to be eligible to receive grant or loan funding from the CDRLF. As of this printing, a DUNS number may be obtained by calling Dun and Bradstreet, toll-free, at 1-866-705-5711.

Low-income designated credit unions may elect to host the VITA site or to enter into an agreement with an organization that hosts the VITA site.

### How does the grant payment process work?

- First, credit unions must apply for a grant before making any expenditure.
- After receiving a grant approval letter, the credit union may purchase the goods or spend the funds, up to the amount approved.

- After making the expenditure, the credit union must then submit copies of receipts and proof of payment to NCUA for reimbursement.
- NCUA will review the receipts and issue a check to reimburse approved expenditures.
- All requests for reimbursement must be received before the end of the commitment period listed in the grant award letter.
- OSCUI will not process applications that are incomplete. Credit unions may resubmit a grant application, provided the submission deadline has not passed.

## What is the Volunteer Income Tax Assistance (VITA) Initiative?

The VITA initiative is to provide financial assistance to credit unions wishing to help existing and potential members prepare their tax returns, especially those eligible for the Earned Income Tax Credit (EITC). Grant funds enable the credit union to offset administrative and operational costs associated with providing free income tax preparation services.

For further information about participating in the VITA initiative, please contact the IRS via e-mail, at [partner@irs.gov](mailto:partner@irs.gov). Please indicate that you are interested in hosting a VITA site. Inquiries can be directed to:

Debra Chandler, Internal Revenue Service  
 Email: [Debra.Chandler@irs.gov](mailto:Debra.Chandler@irs.gov)  
 Phone: (404) 338 - 8306

Please include primary and alternate contact names and telephone numbers with inquiries.

## How much money is available?

For 2007, NCUA has allocated \$105,000 to the VITA Initiative. Low-income designated credit unions may apply for up to \$6,500 in grant funds under this initiative. Grants will be awarded based on the merit of the application.

## What are allowable uses of grant funds?

Grant funds may be used to cover the administrative and operational costs of establishing and operating a VITA site. Following is a list of reimbursable costs. The list is not exhaustive, but is intended to be representative of costs which may be approved.

- Consultant or contractor costs.  
 Salaries to employees are not reimbursable under any CDRLF grant initiative. An individual is considered an employee if the credit union withholds income taxes, withholds and pays Social Security and Medicare taxes, and pays unemployment tax on wages paid. In general, the credit union would not withhold or pay any taxes on payments to independent contractors.

- Custodial services
- Equipment purchase and installation, up to \$750 for equipment purchases directly related to operating or supporting the VITA site.
- Equipment rental
- Insurance (special bond considerations)
- Marketing and advertising (directly related to VITA site and services)
- Mileage (not to exceed the IRS standard mileage rate for 2007 of 48.5 cents per mile, for travel directly related to operating the VITA site)
- Parking
- Postage
- Printing, reproduction, and copying
- Public transportation
- Refreshments
- Supplies
- Related taxi fares
- Training (related to VITA site and services)

All approved costs will be detailed in the grant award letter to the credit union.

## What are the application deadlines?

Application Open Date:	May 4, 2007
Application Closing Date:	This grant has no closing date. Grants will be awarded until \$105,000 in allocated funds is exhausted.

## What is the method for evaluating the grant applications?

Applications will be evaluated as they are received. Grant applications will be evaluated based on financial and non-financial factors as listed below.

Financial factors include the following:

CAMEL Rating  
Net Worth Ratio  
Delinquency Ratio  
Return on Assets Ratio.

Financial factors are used to determine the financial health and fitness of the credit union and its ability to carry out the project as described in the grant application.

Non-Financial factors include the following:

Assessment of Management is a determination of whether management has been responsive to examiners and whether management has the ability to carry out the project described in the grant application.

Purpose is a determination of whether the outcome of the project, as described in the grant application, coincides with the purpose of the CDRLF as described in Section 705.2 of the

NCUA's Rules and Regulations. That purpose would be: (1) providing basic financial and related services to residents in their communities; and (2) stimulating economic activities in the communities they serve which will result in increased income, ownership and employment opportunities for low-income residents, and other community growth efforts.

Assessment of Impact is a determination of the scope and reach of the proposed use of the grant funds. Grant applications which indicate that grant funds will have an impact on credit union members and the community as whole receive priority consideration.

Previous Funding is a determination of whether the credit union has received previous CDRLF grant funding. Credit unions which have NOT received funding in the past will receive priority consideration.

Ability to Self-Fund is an assessment of the credit union's net worth, cash, and liquidity to determine whether the credit union has the ability to fund the project on its own. Priority consideration is given to those credit unions which cannot completely fund the project as described in the grant application.

Partnerships is a determination of whether the credit union has developed other partner relationships and has considered other sources of grant funds. Priority consideration is given to those credit unions which have developed partner relationships.

## What information needs to be submitted with the grant application?

Credit unions must submit a completed Technical Assistance Grant Application.

Credit unions that intend to host the VITA site must submit a copy of the appropriate IRS certification statement.

Credit unions that intend to enter into a partnership with an organization that will host the VITA site must submit (1) a statement from the partner organization describing the partners' agreement and (2) a copy of the partner organization's IRS certification.

## Where should completed applications be submitted?

Applications may be faxed to: (703) 519-4088

Applications may be emailed to: [oscuiapps@ncua.gov](mailto:oscuiapps@ncua.gov)

Credit union that are unable to fax or email applications should telephone the Office at (703)518-6610

## When will credit unions know about grant awards?

Applicants will be notified of the award decisions generally within 30 days after OSCUI receives the grant application.



## What is the reporting requirement after receiving a grant?

Credit unions receiving awards must provide to OSCUI a summary of the VITA site activity. The summary should discuss the overall success of the VITA site and how the funding enabled the credit union to accomplish its objectives. Credit unions should identify the impact that grant funds have had on the community the credit union serves.

The following information is REQUIRED when requesting reimbursement:

- Electronic Filer Identification Number (E-FIN)
- Number of tax returns prepared/clients served
- Number of deposit/share accounts opened
- Dollar amount of deposit/share accounts opened
- Earned Income Tax Credit (EITC) money deposited
- Number of loans originated
- Dollar amount of loans originated
- Number of individuals enrolled in financial education
- Estimated amount of tax preparation savings, in dollars

The time frame for submitting the summary is generally 3 months after the tax season closes. The submission deadline is established to allow reasonable time for the credit union to ascertain the benefits of the grant.

A formatted summary form will be sent to the credit union with the grant award letter.

Summaries should be submitted to OSCUI at the fax number or email address listed above.

## Is there anything that would cause an application to be immediately denied?

Yes.

1. Grants from the CDRLF are reimbursable grants. Credit unions applying for TAGs must obtain approval of the proposed expenditures before making those expenditures. Therefore, the OSCUI will not fund any grant where the credit union has committed to, procured, or purchased the good or service in advance of grant approval.

2. TAG funds are not provided for recurring operational expenses such as salaries, rent, maintenance agreements, annual audits, funding for the allowance for loan losses, or office supplies.

Salaries to employees are not reimbursable under any CDRLF grant initiative. An individual is considered an employee if the credit union withholds income taxes, withholds and pays Social Security and Medicare taxes, and pays unemployment tax on wages paid.

Expenses for contractors may be reimbursable under certain grant initiatives. In general, the credit union would not withhold or pay any taxes on payments to independent contractors.

3. Credit unions may not use TAG funds to provide funds to members, such as funding the matching portion of an IDA program or providing gift cards to members.
4. TAG funds may not be used to reimburse NCUA for any activity.

## How can credit unions contact the office with questions?

Credit unions can contact the office at

Office of Small Credit Union Initiatives  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314

Phone: (703) 518-6610  
Facsimile: (703) 519-4088  
Email: [oscuiapps@ncua.gov](mailto:oscuiapps@ncua.gov)

*National Credit Union Administration  
Office of Small Credit Union Initiatives  
Community Development Revolving Loan Fund*

<h2 style="margin: 0;">Grant Outcome Summary</h2> <h3 style="margin: 0;">Volunteer Income Tax Assistance Initiative - 2007</h3>
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1. Credit Union Name	
2. Mailing Address	
Mailing Address Cont.	
3. City, State, Zip	
4. Credit Union Charter Number	
5. Grant Commitment Number	
6. Credit Union's EFIN	

1. Total number of tax returns prepared.....
2. Total amount of earned income tax credit (EITC) dollars returned to members.....
3. Total deposits (*total refund to members*).....
4. Average adjusted gross income of the assisted members.....
5. Amount of new loans (*tax refund anticipation*)...
6. New members resulting from the program.....
7. Total members served.....
8. Number of members that received financial counseling as a result of the program.....


9. Total cost of the project—including grant awards from NCUA, the credit union's own monies, grants from other partners, and all other funds provided to complete the project:

NCUA grant: \$ \_\_\_\_\_

Other funds: \$ \_\_\_\_\_

Total Cost of Project \$ \_\_\_\_\_

10. Briefly describe any activities (marketing etc.), that made your program a success. Attach additional sheets as necessary for your response.